Quarterly Report of

# Gas Industry Operations

SECOND QUARTER 1986

American Gas Association

Department of Statistics

American Gas Association
1515 Wilson Blvd., Arlington, Virginia 22209
Telephone (703) 841-8400

## Part I. Gas Utility Industry Operating Trends

### Income Statement

Total operating revenues for the twelve month period ending June 30, 1986 were $92,880 million, a 14.2 percent decrease from the same period a year ago. At the same time, operating expenses decreased 15.7 percent to $86,300 million. Total interest expense increased 2.3 percent during the period and net income decreased 3.1 percent.

### Prices

Average U.S. residential gas prices fell from $6.21/MMBtu in the second quarter 1985 to $5.93/MMBtu in the second quarter 1986, a 4.5 percent decrease. Commercial gas prices decreased 7.2 percent while industrial prices decreased 13.5 percent during the same period.

### Customers, Sales, Revenues

The total number of customers in the second quarter 1986 increased 1.7 percent over the second quarter 1985 to 50,758,600.

Total sales in the second quarter 1986 decreased 13.6 percent from the second quarter 1985, while the twelve months ending June 30, 1986 recorded a decrease of 6.5 percent from the twelve months ending June 30, 1985.

Second quarter 1986 total revenues decreased 21.1 percent from the second quarter 1985, while total revenues for the twelve months ending June 30, 1986 decreased 12.0 percent from the same period ending June 30, 1985.

See Table 1 and Table 2 for detailed data on sales, revenues and customers.

**INVESTOR-OWNED GAS UTILITY INDUSTRY INCOME STATEMENT**
(Millions of Dollars)

| | Twelve Months Ended 6/30/86 | | 6/30/85 | | Percent Change 6/30/85-86 |
|---|---|---|---|---|---|
| Total Operating Revenues | | $ 92,880 | | $108,252 | - 14.2 |
| Operating Expenses: | | | | | |
| Operation Expenses | $ 74,144 | | $ 90,863 | | - 18.4 |
| Maintenance Expenses | 1,630 | | 1,601 | | + 1.8 |
| Depreciation, Retirement, Depletion, Amortization, etc. | 3,200 | | 3,107 | | + 3.0 |
| Federal Income Taxes | 3,612 | | 3,202 | | + 12.8 |
| All Other Taxes | 3,714 | | 3,588 | | + 3.5 |
| Total Operating Expenses | | 86,300 | | 102,361 | - 15.7 |
| Operating Income | | 6,580 | | 5,891 | + 11.7 |
| Other Income - Net | | 1,964 | | 2,732 | - 28.1 |
| Income Before Interest Charges | | 8,544 | | 8,623 | - 0.9 |
| Interest on Long-term Debt | | 2,783 | | 2,831 | - 1.7 |
| Other Interest Expense (Net) | | 793 | | 665 | + 19.2 |
| Total Interest Expense | | $ 3,576 | | $ 3,496 | + 2.3 |
| Net Income | | $ 4,968 | | $ 5,127 | - 3.1 |
| Utility Plant Value | | $ 88,390 | | $ 85,005 | + 4.0 |
| Accumulated Provision for Depreciation | | $ 37,367 | | $ 36,308 | + 2.9 |

Explanatory Notes

The gas utility industry is defined to be distribution and transmission companies. The income statement includes operations of mixed and manufactured gas utilities. Because this segment of the gas industry accounts for less than two percent of total operating revenues, the income statement can be considered to be representative of the natural gas utility industry.

The composite income account includes revenues from sales to ultimate consumers and from sales for resale. It should not be interpreted as a "net" or "consolidated" statement since the duplicative effect of including both pipeline sales for resale and distribution company sales to ultimate consumers has not been eliminated.

The data presented have been expanded from the reports received on the basis of their relationship to total industry data. For combination companies appropriate allocation of long-term debt interest and net income is made so that the data properly reflect the financial picture of distribution and pipeline company gas operations.

Although the composite income statement is confined to all investor-owned companies, municipal operations are included in the data for customers, sales and revenues of "Gas Utility Industry Operating Trends" reported in Part II. Totals may not equal the sum of their parts, due to independent rounding.

# Table 1—Gas Utility Industry Customers, Sales and Revenues, United States, **SECOND** QUARTER 1986

| | Quarter Ending June 30 | | Percent Change | Twelve Months Ending June 30 | | Percent Change |
|---|---|---|---|---|---|---|
| | 1986 | 1985 | | 1986 | 1985 | |
| CUSTOMERS (Thousands) | | | | | | |
| Residential | 46,627.3 | 45,875.7 | + 1.6 | SEE | | |
| Commercial | 3,904.7 | 3,813.9 | + 2.4 | | | |
| Industrial | 179.5 | 179.2 | + 0.2 | | QUARTERLY | |
| Electric Generation | 0.5 | 0.5 | 0.0 | | | |
| Other | 46.6 | 47.2 | - 1.1 | | | |
| TOTAL | 50,758.6 | 49,916.5 | + 1.7 | | | DATA |
| SALES (Trillions of Btu) | | | | | | |
| Residential | 738.6 | 740.7 | - 0.3 | 4,411.2 | 4,448.4 | - 0.8 |
| Commercial | 385.7 | 400.0 | - 3.6 | 2,279.8 | 2,312.4 | - 1.1 |
| Industrial | 623.1 | 847.5 | - 26.5 | 3,257.8 | 3,924.2 | - 17.0 |
| Electric Generation | 337.8 | 429.6 | - 21.4 | 1,727.9 | 1,805.0 | - 4.3 |
| Other | 24.5 | 23.7 | + 3.4 | 126.3 | 135.6 | - 6.9 |
| TOTAL | 2,109.7 | 2,441.5 | - 13.6 | 11,803.0 | 12,625.6 | - 6.5 |
| REVENUES (Thousands $) | | | | | | |
| Residential | 4,382,092 | 4,597,362 | - 4.7 | 25,457,826 | 26,754,015 | - 4.8 |
| Commercial | 1,986,894 | 2,221,176 | - 10.5 | 11,933,111 | 12,769,865 | - 6.6 |
| Industrial | 2,282,985 | 3,584,562 | - 36.3 | 13,103,938 | 17,149,506 | - 23.6 |
| Electric Generation | 861,826 | 1,671,219 | - 48.4 | 5,894,596 | 7,421,421 | - 20.6 |
| Other | 98,974 | 112,264 | - 11.8 | 574,354 | 664,212 | - 13.5 |
| TOTAL | 9,612,771 | 12,186,583 | - 21.1 | 56,963,825 | 64,759,019 | - 12.0 |

# Table 2—Gas Utility Industry Customers, Sales and Revenues, By Division, **SECOND** QUARTER 1986

| | NEW ENGLAND DIVISION | | | MIDDLE ATLANTIC DIVISION | | | EAST NORTH CENTRAL DIVISION | | |
|---|---|---|---|---|---|---|---|---|---|
| | Quarter Ending June 30 | | Percent Change | Quarter Ending June 30 | | Percent Change | Quarter Ending June 30 | | Percent Change |
| | 1986 | 1985 | | 1986 | 1985 | | 1986 | 1985 | |
| CUSTOMERS (Thousands) | | | | | | | | | |
| Residential | 1,706.8 | 1,684.4 | + 1.3 | 7,820.5 | 7,736.2 | + 1.1 | 10,367.6 | 10,234.6 | + 1.3 |
| Commercial | 151.0 | 144.4 | + 4.6 | 605.3 | 589.6 | + 2.7 | 841.9 | 819.2 | + 2.8 |
| Industrial | 6.9 | 6.8 | + 1.9 | 25.4 | 25.5 | - 0.2 | 48.7 | 47.7 | + 2.2 |
| Electric Generation | * | * | - | * | * | - | 0.1 | 0.1 | - 5.0 |
| Other | 4.0 | 3.9 | + 2.4 | 11.0 | 10.8 | + 1.5 | 3.9 | 3.9 | + 0.4 |
| TOTAL | 1,868.7 | 1,839.5 | + 1.6 | 8,462.2 | 8,362.1 | + 1.2 | 11,262.2 | 11,105.5 | + 1.4 |
| SALES (Trillions of Btu) | | | | | | | | | |
| Residential | 29.5 | 28.7 | + 2.8 | 129.8 | 127.7 | + 1.7 | 212.3 | 210.3 | + 1.0 |
| Commercial | 17.2 | 17.4 | - 1.3 | 53.3 | 55.2 | - 3.4 | 91.4 | 94.8 | - 3.6 |
| Industrial | 11.2 | 16.1 | - 30.3 | 54.9 | 74.6 | - 26.4 | 140.9 | 174.4 | - 19.2 |
| Electric Generation | 4.6 | 10.9 | - 58.1 | 4.5 | 17.3 | - 73.8 | 3.4 | 2.3 | + 47.6 |
| Other | 0.3 | 0.6 | - 50.4 | 5.9 | 6.2 | - 5.3 | 1.5 | 1.5 | - 0.4 |
| TOTAL | 62.8 | 73.7 | - 14.9 | 248.4 | 281.0 | - 11.6 | 449.5 | 483.3 | - 7.0 |
| REVENUES (Thousands $) | | | | | | | | | |
| Residential | 237,837 | 236,348 | + 0.6 | 918,006 | 924,477 | - 0.7 | 1,203,316 | 1,274,969 | - 5.6 |
| Commercial | 112,734 | 120,610 | - 6.5 | 325,479 | 352,938 | - 7.8 | 447,538 | 500,770 | - 10.6 |
| Industrial | 54,208 | 79,554 | - 31.9 | 233,134 | 380,814 | - 38.8 | 566,796 | 783,408 | - 27.6 |
| Electric Generation | 10,981 | 40,777 | - 73.1 | 15,132 | 68,131 | - 77.8 | 15,569 | 12,381 | + 25.8 |
| Other | 1,160 | 2,623 | - 55.8 | 32,635 | 36,930 | - 11.6 | 6,892 | 7,408 | - 7.0 |
| TOTAL | 416,920 | 479,912 | - 13.1 | 1,524,386 | 1,763,290 | - 13.5 | 2,240,111 | 2,578,936 | - 13.1 |

*Less than 50 customers.

**TABLE 2—CONTINUED**

WEST NORTH CENTRAL DIVISION

SOUTH ATLANTIC DIVISION

EAST SOUTH CENTRAL DIVISION

| | Quarter Ending June 30 1986 | 1985 | Percent Change | Quarter Ending June 30 1986 | 1985 | Percent Change | Quarter Ending June 30 1986 | 1985 | Percent Change |
|---|---|---|---|---|---|---|---|---|---|
| CUSTOMERS (Thousands) | | | | | | | | | |
| Residential | 4,015.8 | 3,929.4 | + 2.2 | 4,142.6 | 4,032.1 | + 2.7 | 2,083.4 | 2,059.3 | + 1.2 |
| Commercial | 428.6 | 419.0 | + 2.3 | 369.8 | 357.3 | + 3.5 | 216.8 | 212.4 | + 2.1 |
| Industrial | 13.8 | 13.2 | + 4.5 | 14.9 | 15.1 | - 1.6 | 6.5 | 6.5 | + 0.4 |
| Electric Generation | 0.2 | 0.2 | + 1.2 | * | * | - | * | * | - |
| Other | 2.0 | 1.9 | + 3.3 | 5.1 | 5.3 | - 3.1 | 10.2 | 10.3 | - 0.6 |
| TOTAL | 4,460.4 | 4,363.7 | + 2.2 | 4,532.4 | 4,409.8 | + 2.8 | 2,316.9 | 2,288.5 | + 1.2 |
| SALES (Trillions of Btu) | | | | | | | | | |
| Residential | 66.4 | 67.9 | - 2.2 | 53.0 | 51.2 | + 3.6 | 26.7 | 25.8 | + 3.6 |
| Commercial | 39.7 | 41.2 | - 3.5 | 43.5 | 45.1 | - 3.5 | 17.4 | 17.8 | - 2.2 |
| Industrial | 78.2 | 83.7 | - 6.5 | 76.1 | 103.9 | - 26.7 | 49.5 | 67.6 | - 26.8 |
| Electric Generation | 2.8 | 3.2 | - 12.7 | 30.5 | 32.2 | - 5.3 | 5.2 | 14.3 | - 63.6 |
| Other | 1.8 | 1.2 | + 50.4 | 1.6 | 1.2 | + 36.7 | 2.0 | 2.1 | - 4.1 |
| TOTAL | 188.9 | 197.2 | - 4.2 | 204.7 | 233.6 | - 12.3 | 100.8 | 127.6 | - 21.0 |
| REVENUES (Thousands $) | | | | | | | | | |
| Residential | 346,035 | 374,740 | - 7.7 | 365,182 | 360,353 | + 1.3 | 154,937 | 149,611 | + 3.6 |
| Commercial | 177,214 | 196,926 | - 10.0 | 234,474 | 258,744 | - 9.4 | 85,869 | 91,011 | - 5.6 |
| Industrial | 261,180 | 319,564 | - 18.3 | 286,095 | 458,338 | - 37.6 | 175,822 | 276,754 | - 36.5 |
| Electric Generation | 8,437 | 10,104 | - 16.5 | 78,747 | 108,124 | - 27.2 | 11,267 | 40,618 | - 72.3 |
| Other | 5,356 | 4,301 | + 24.5 | 5,989 | 5,461 | + 9.7 | 7,802 | 8,956 | - 12.9 |
| TOTAL | 798,222 | 905,635 | - 11.9 | 970,487 | 1,191,020 | - 18.5 | 435,697 | 566,950 | - 23.1 |

*Less than 50 customers.

WEST SOUTH CENTRAL DIVISION

MOUNTAIN DIVISION

PACIFIC DIVISION

| | Quarter Ending June 30 1986 | 1985 | Percent Change | Quarter Ending June 30 1986 | 1985 | Percent Change | Quarter Ending June 30 1986 | 1985 | Percent Change |
|---|---|---|---|---|---|---|---|---|---|
| CUSTOMERS (Thousands) | | | | | | | | | |
| Residential | 5,335.2 | 5,325.6 | + 0.2 | 2,830.6 | 2,744.4 | + 3.1 | 8,324.8 | 8,129.7 | + 2.4 |
| Commercial | 487.7 | 484.0 | + 0.8 | 289.0 | 279.2 | + 3.5 | 514.6 | 508.8 | + 1.1 |
| Industrial | 20.1 | 20.5 | - 1.8 | 6.0 | 6.1 | - 1.8 | 37.2 | 37.8 | - 1.5 |
| Electric Generation | 0.1 | 0.1 | - | 0.1 | 0.1 | - | * | * | - |
| Other | 7.0 | 7.6 | - 7.5 | 3.2 | 3.3 | - 2.3 | 0.2 | 0.2 | 0.0 |
| TOTAL | 5,850.1 | 5,837.8 | + 0.2 | 3,128.9 | 3,033.1 | + 3.2 | 8,876.8 | 8,676.5 | + 2.3 |
| SALES (Trillions of Btu) | | | | | | | | | |
| Residential | 56.4 | 57.3 | - 1.6 | 46.1 | 46.9 | - 1.6 | 118.4 | 124.9 | - 5.2 |
| Commercial | 37.4 | 37.7 | - 0.7 | 31.9 | 32.9 | - 3.0 | 53.9 | 57.9 | - 6.9 |
| Industrial | 104.9 | 190.5 | - 44.9 | 20.7 | 34.4 | - 39.8 | 86.7 | 102.3 | - 15.2 |
| Electric Generation | 169.9 | 188.2 | - 9.7 | 5.6 | 14.4 | - 60.8 | 111.3 | 146.8 | - 24.2 |
| Other | 8.1 | 7.4 | + 9.8 | 3.0 | 2.9 | + 2.7 | 0.3 | 0.6 | - 49.1 |
| TOTAL | 376.7 | 481.1 | - 21.7 | 107.3 | 131.5 | - 18.3 | 370.6 | 432.5 | - 14.3 |
| REVENUES (Thousands $) | | | | | | | | | |
| Residential | 317,397 | 324,603 | - 2.2 | 243,409 | 261,758 | - 7.0 | 595,973 | 690,503 | - 13.7 |
| Commercial | 160,646 | 174,199 | - 7.8 | 142,049 | 161,879 | - 12.2 | 300,891 | 364,099 | - 17.4 |
| Industrial | 311,973 | 645,105 | - 51.6 | 76,376 | 134,157 | - 43.1 | 317,401 | 506,868 | - 37.4 |
| Electric Generation | 409,627 | 649,377 | - 36.9 | 16,996 | 53,095 | - 68.0 | 295,070 | 688,612 | - 57.1 |
| Other | 26,454 | 30,516 | - 13.3 | 11,294 | 12,909 | - 12.5 | 1,392 | 3,160 | - 55.9 |
| TOTAL | 1,226,097 | 1,823,800 | - 32.8 | 490,124 | 623,798 | - 21.4 | 1,510,727 | 2,253,242 | - 32.9 |

*Less than 50 customers.

Average Gas Prices for the Second Quarter 1986

($/MMBtu)

| | Residential | | Commercial | | Industrial | |
|---|---|---|---|---|---|---|
| | 2nd Qtr 1986 | Percent Change* | 2nd Qtr 1986 | Percent Change* | 2nd Qtr 1986 | Percent Change* |
| US | 5.93 | - 4.5 | 5.15 | - 7.2 | 3.66 | - 13.5 |
| NE | 8.06 | - 2.2 | 6.57 | - 5.2 | 4.83 | - 2.2 |
| MA | 7.07 | - 2.3 | 6.11 | - 4.4 | 4.25 | - 16.7 |
| ENC | 5.67 | - 6.4 | 4.90 | - 7.2 | 4.02 | - 10.5 |
| WNC | 5.21 | - 5.6 | 4.46 | - 6.7 | 3.34 | - 12.6 |
| SA | 6.89 | - 2.1 | 5.39 | - 6.1 | 3.76 | - 14.7 |
| ESC | 5.80 | 0.0 | 4.93 | - 3.5 | 3.55 | - 13.2 |
| WSC | 5.63 | - 0.5 | 4.29 | - 7.1 | 2.97 | - 12.4 |
| M | 5.28 | - 5.4 | 4.45 | - 9.5 | 3.69 | - 5.4 |
| P | 5.03 | - 9.0 | 5.58 | - 11.3 | 3.66 | - 26.1 |

*Compared with the same quarter in 1985.

Average Gas Prices for the Year Ending June 30, 1986

($/MMBtu)

| | Residential | | Commercial | | Industrial | |
|---|---|---|---|---|---|---|
| | Price | Percent Change* | Price | Percent Change* | Price | Percent Change* |
| US | 5.77 | - 4.0 | 5.23 | - 5.2 | 4.02 | - 8.0 |
| NE | 7.74 | - 3.1 | 6.69 | - 4.2 | 5.16 | - 5.3 |
| MA | 7.03 | - 2.3 | 6.12 | - 3.0 | 4.78 | - 8.1 |
| ENC | 5.48 | - 4.5 | 4.93 | - 5.3 | 4.27 | - 6.9 |
| WNC | 5.00 | - 6.8 | 4.50 | - 7.0 | 3.58 | - 11.0 |
| SA | 6.60 | - 2.0 | 5.65 | - 3.8 | 4.25 | - 8.0 |
| ESC | 5.32 | - 3.0 | 4.96 | - 1.8 | 3.90 | - 5.8 |
| WSC | 5.16 | - 2.8 | 4.48 | - 6.0 | 3.26 | - 8.6 |
| M | 5.24 | - 3.3 | 4.71 | - 6.0 | 3.73 | - 5.1 |
| P | 5.18 | - 9.1 | 5.81 | - 9.5 | 4.34 | - 16.0 |

*Compared with the same year ending, June 30, 1985.

## APPLIANCE AND HOUSING STATISTICS

(Thousands)

| APPLIANCE SHIPMENTS | 1986 Second Quarter | Percent Change[a] | Past Twelve Months | Percent Change[b] |
|---|---|---|---|---|
| Central Heating Equipment | | | | |
| Warm Air Furnaces | | | | |
| Gas | 439.9 | + 22.7 | 1,980.8 | + 9.5 |
| Oil[c] | 29.6 | + 51.8 | 163.8 | + 13.5 |
| Electric | 100.1 | + 2.4 | 381.5 | + 11.3 |
| Boilers | | | | |
| Gas | 30.9 | - 1.6 | 193.6 | + 6.1 |
| Oil[c] | 21.6 | + 0.9 | 108.5 | + 10.6 |
| Other Gas Heating Equipment | | | | |
| Wall Furnaces | 36.0 | - 2.2 | 209.1 | + 8.8 |
| Floor Furnaces | N/A | N/A | N/A | N/A |
| Recreational Vehicle Heating Systems | 55.3 | - 0.9 | 202.1 | + 7.4 |
| Major Appliances | | | | |
| Residential Ranges | | | | |
| Gas | 479.9 | + 8.4 | 1,903.4 | + 8.4 |
| Electric | 823.9 | + 5.4 | 3,223.9 | + 5.9 |
| Residential Water Heaters | | | | |
| Gas[c] | 908.6 | + 4.2 | 3,678.2 | + 7.2 |
| Electric[c] | 855.9 | - 0.7 | 3,481.1 | + 2.5 |
| Commercial Water Heaters | | | | |
| Gas[c] | 53.1 | - 2.6 | 190.8 | + 0.4 |
| Electric[c] | 4.8 | - 5.9 | 18.5 | - 6.1 |
| Clothes Dryers | | | | |
| Gas | 202.1 | + 8.8 | 859.0 | + 9.4 |
| Electric | 755.7 | + 4.0 | 3,125.0 | + 4.6 |
| HOUSING | | | | |
| Total Housing Starts | 558.0 | + 9.6 | 1,819.0 | + 7.6 |
| Single-Family Starts | 369.0 | + 16.0 | 1,142.0 | + 9.0 |
| Total Housing Completions (private) | 427.0 | + 1.2 | 1,717.0 | + 2.7 |
| Mobile Home Shipments | 66.8 | - 15.8 | 266.9 | - 6.8 |

[a]Compared with same period in 1985.

[b]Past twelve months compared with same period a year ago.

[c]Data not expanded.

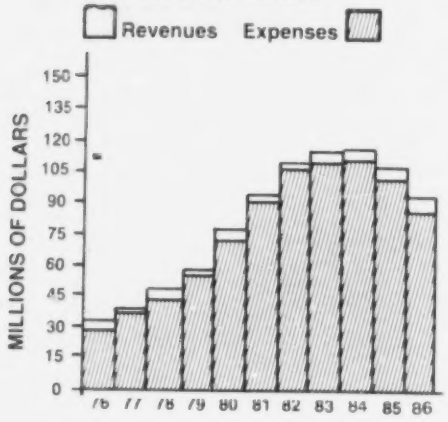
Sources: Gas Appliance Manufacturers Association, Statistical Highlights.
U.S. Department of Commerce, Housing Starts and Housing Completions.

# Part II. Gas Utility Industry Historical Trends

## Second Quarter Select Statistics

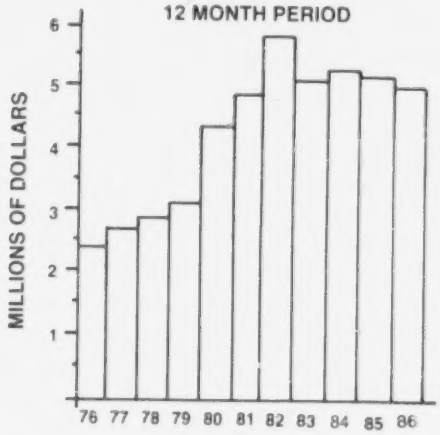
### TOTAL OPERATING REVENUES & EXPENSES

12 MONTH PERIOD

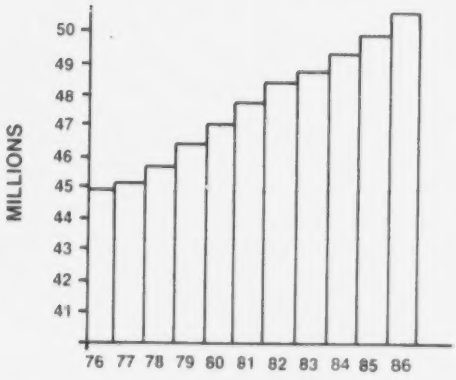



### NET INCOME

12 MONTH PERIOD

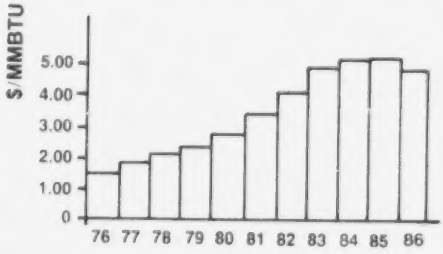



### TOTAL GAS CUSTOMERS

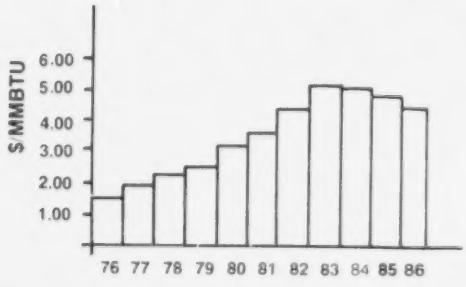



### TOTAL INDUSTRY PRICES

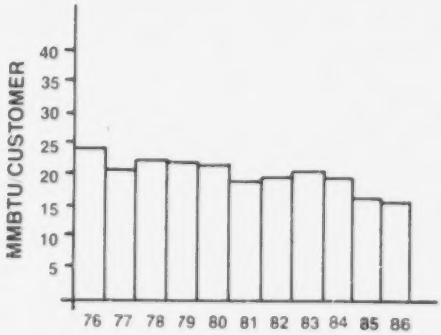
12 MONTH PERIOD




### TOTAL INDUSTRY PRICES

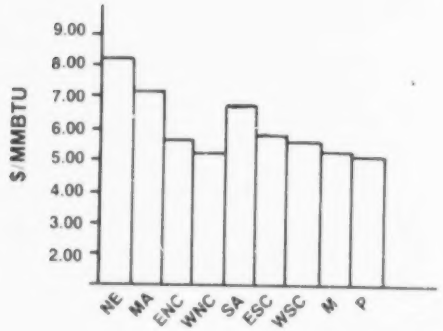



### RESIDENTIAL CONSUMPTION

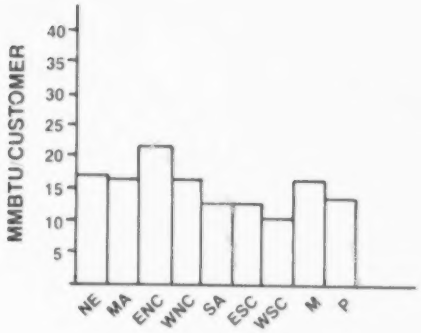


# Second Quarter Select Statistics

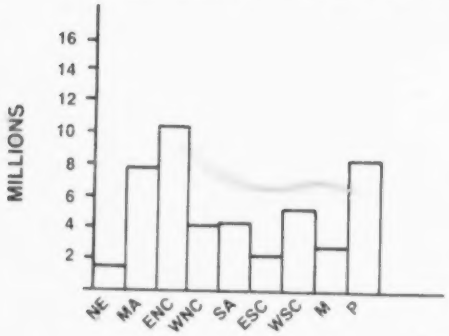
## RESIDENTIAL PRICES



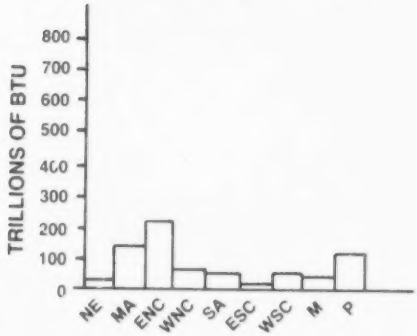

## RESIDENTIAL CONSUMPTION



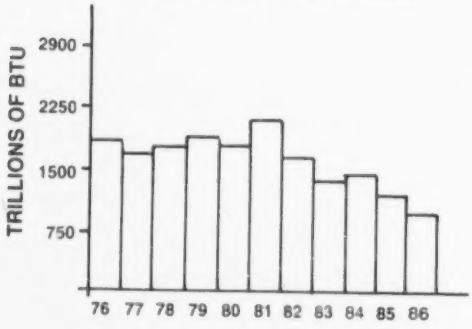

## RESIDENTIAL CUSTOMERS



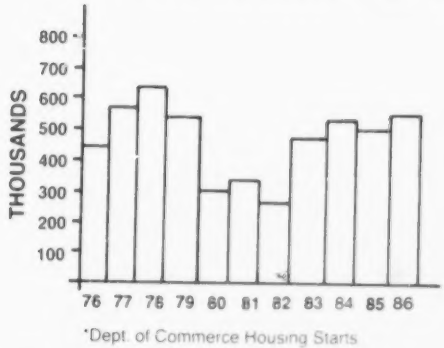

## RESIDENTIAL SALES




## INDUSTRIAL SALES




## TOTAL HOUSING STARTS*




*Dept. of Commerce Housing Starts

AMERICAN GAS ASSOCIATION
Printed in U.S.A.
Catalog Number F00872
EDITOR - Carole Williams-Hopkirs (703/841-8507